

**{As Prepared for Delivery}**

**RUPRI: Rural Policy Research Institute  
Warrenton, Virginia  
October 31, 2005**

**Thomas C. Dorr  
Under Secretary for Rural Development  
Remarks**

**[To be introduced by Chuck Fluharty, Director of RUPRI]**

**Thank you, Chuck, and Happy Halloween. It's a pleasure to be here this evening. This is a great time for us to be getting together. We ARE at a turning point in rural policy.**

**All of us share an interest in ensuring that the next Farm Bill reflects the sweeping changes in rural America today.**

**The goal is to help farmers, rural businesses, and rural communities to turn those changes into opportunities.**

**Before I go any further, however, I'd like to ask you to keep the victims of Hurricanes Katrina, Rita, and now Wilma in your thoughts and prayers.**



**I know that Katrina and Rita have already disappeared from the front pages as the news media goes on to the next big story. Wilma will disappear from the news in a week or two as well.**

**But for the folks down in Florida and along the Gulf Coast, the real work is just beginning.**

**It is a huge job. These were very big storms – Katrina, even without the levee breaks in New Orleans, may turn out to be the most destructive storm in U.S. history in terms of property damage, though fortunately not in terms of loss of life.**

**Outside of New Orleans, many of the heaviest hit areas were rural, and I've been on-site to survey the damage. The scope of it is staggering.**

**I'm an old Iowa farmer and a lifelong resident of tornado alley, but tornados -- bad as they are -- are at least relatively localized. The sheer scale of damage a hurricane can inflict has to be seen to be believed.**



**But if the damage is immense, so is the scope of the response. Millions of Americans have contributed generously to the relief effort, which at the federal level alone is already the largest in American history.**

**USDA Rural Development employees have been staffing Disaster Recovery Centers across the region. That includes a number of employees in Louisiana and Mississippi who lost their own homes but who worked around the clock to help others.**

**USDA Rural Development -- and specifically, Jack Gleason, Deputy Administrator for Multi-Family Housing Programs, whom some of you may know -- is heading up the Joint Housing Solutions Center in Mississippi. HUD is managing the counterpoint office in Louisiana.**

**As part of our immediate, short term response, we identified over 25,000 housing units from our national portfolio that could be made available for emergency use. As of last week [Thursday, Oct. 27] we've placed over 9,000 evacuees [9,086] in 3,000 units [2,993] in 39 States.**



**Our utilities programs have worked wonders in each of these storms to restore electrical, sewer and water service as rapidly as possible.**

**And since we provide rural telecommunications and broadband services ... affordable housing and community facilities ... rural hospitals, day care centers, emergency services, and business development lending ... we'll still be on the ground doing the work of reconstruction long after the news media has moved on.**

**This will take years. We're going to need a massive infusion of capital for housing, community facilities, and infrastructure. We're going to need targeted business development funding to get affected communities back on their feet and bring back jobs.**

**We're working now to streamline our processes, waive what we can waive, and get reconstruction underway. Our focus now is to start turning dirt – to move from temporary relief to permanent solutions.**

**In many places, where whole communities were washed away, we face what amounts to a greenfields situation.**



**Our intention, by the time we're done, is not simply to make these communities whole ...**

**... It is to make them better, stronger, and safer than ever before.**

**Building stronger communities, of course, is something that we have some experience doing. In fact, earlier this year we celebrated our 70<sup>th</sup> Anniversary, running back to the formation of the Resettlement Administration and the Rural Electrification Administration in 1935.**

**We've traveled quite a few miles down the road since then. A lot has changed:**

- **In 1935, there were over 6 million farms in the United States. Today, there are 2 ¼ million, and just 250,000 of those produce most of our food and fiber.**

**That, incidentally, is after 70 years of farm stabilization, which says something about the limits of public policy.**



**More specifically -- and this is a point I'll come back to later -- it means that markets ultimately drive the pattern of development. Public policy that ignores markets is probably doomed to failure.**

**When change is inevitable, good policy lies in preparing ourselves to benefit from it, not in trying to hide. In politics that's often easier said than done, but that's the goal.**

- **70 years ago, the rural economy meant farming, ranching, forestry and mining, plus small towns catering to those industries.**

**Today, 96% of the income in rural areas is non-farm. Most farmers are part-time and earn over half their income off the farm.**

- **Back then, a majority of farmers still plowed behind a mule. The local grain elevator was their point of contact with the higher economics of farming.**



**Today we've gone from walking behind a mule to gene splicing.**

**We're using GPS mapping furrow by furrow and we're trading in real time on futures markets. Or at least you can if you want to.**

**And I used to think it was a big deal when they put air-conditioned cabs on combines.**

- **70 years ago, rural meant isolated. It meant you probably didn't have electricity, and without electricity you didn't have running water or indoor plumbing because you couldn't run a pump.**

**Today, rural families are a click away from the global commons.**

**They expect, and increasingly have, the same services their urban cousins take for granted: good schools, emergency services, and reasonable access to quality health care. They drive to a regional mall in a larger city -- not the little country store -- to shop.**

**All of this means that a Farm Bill written for the 21<sup>st</sup> century will be very different than anything that's come before. It is truly a different world. More competitive, yes. But also full of opportunity.**



**The challenge of the next Farm Bill is to reorient farm and rural policy in response to a technologically dynamic, highly competitive, increasingly networked, and rapidly globalizing economy.**

**These are the great drivers of change. None of them are going away.**

**We couldn't will them away if we tried.**

**You can still go down to the beach like King Canute and command the tide not to come in, but it won't work any better now than it did then.**

**Bottom line, farming isn't going back to American Gothic.**

**Rural policy needs to focus on seizing new opportunities, on and off the farm -- and the good news is, those opportunities are abundant.**

**USDA Rural Development Overview/Mission**



**USDA Rural Development is in the opportunity business. We are a venture capital entity. We put about \$12-13 billion a year into rural communities all across America.**

**That's up about 40% from the \$8-9 billion level of the late 1990's, and since President Bush has taken office, it adds up to over \$63 billion invested and over 1.1 million jobs created.**

**We invest in infrastructure, housing, community facilities, and business development. We provide loans and technical support to entrepreneurs. We reach out to potential partners to build teams. We fund incubators and intermediary institutions.**

**We can discuss any of these at length if you would like. But I'd like to focus this evening on three critical areas that, in my mind at least, are central to rural economic and community development today. These three factors are broadband, alternative energy, and "place."**

**"Place" is my own term -- and you may think of a better one -- for a rather impressive matrix of rural competitive advantages.**



**“Place” is peace and quiet. It is fields and forests, clear streams and clean air. It’s affordable housing. For the kids, it’s a big yard and a safe countryside to explore. It’s the pace of life, low crime, and good schools.**

**There’s nothing new in this -- nothing new in the attraction the country holds for so many people. We certainly didn’t discover the urban-rural tradeoff. The Romans wrote about it 2,000 years ago. Poets and philosophers have always written about it.**

**Traditionally, if you were wealthy, you kept both a city house and a country house so you could have the best of both worlds. But most people had to make a choice, usually dictated by their jobs.**

**What is happening today is that rural areas can provide what used to be considered “urban” amenities. But the reverse will never be true. A city by definition is going to be crowded, bustling, noisy, and all the rest.**

**So today, probably for the first time in history, rural can beat urban at its own game. The competitive balance has shifted in a very basic way.**



**“Place” may be an intangible, but it’s very real. I’ve never seen a real estate ad boasting about small lots, noise, a break-your-back mortgage, and a three hour commute. Rural communities that can generate good jobs and provide quality health care and schools are great places to live.**

**People by the millions are voting with their feet. The fastest growing places in America are urban fringe counties, many of them still rural, as well as smaller cities and towns. Our job is to empower those choices.**

**In 20 years, the spatial organization of this country will be very different. This is an enormous opportunity for rural development.**

**Broadband is the second great new opportunity. It opens doors. It’s a great economic equalizer. And that’s good for rural America.**

**It’s a cliché to say that broadband is transformative, but like most clichés, it’s true. The computer and the internet are producing the most radical decentralization of information in human history.**



**With the internet, masses of data can be shared easily across great distances. You don't need everyone in the same building -- or the same city -- so they can talk. Large administrative structures, manufacturing processes, and distribution networks can be decentralized.**

**To a degree never before experienced, people will have choices about where to live and how to work. This leverages "Place." You can now live locally and compete globally.**

**We are in the very early stages of a profound transformation. It will take time for organizations to adapt. At USDA, for example, we have employees in carpools hitting the road at 4:30 every morning for a three hour commute. That's three hours each way ... if the weather is good.**

**That's not a very satisfactory arrangement if your job is computer based and you could be at work with the click of a mouse.**



**Now take it a step further. Some of those folks are sitting in their van pools using their laptops and Blackberries over wireless networks. They are, in fact, telecommuting while sitting in a moving parking lot ...**

**... All because the office says they have to warm a seat for X number of hours a day.**

**A generation from now, our grandchildren will be scratching their heads and wondering how we ever managed to live the way we do.**

**Or why we put up with it for so long.**

**Broadband is a strategic priority for rural communities, and therefore for us. We've invested over \$4.2 billion and connected over 1.5 million rural customers. President Bush's goal is universal access to affordable broadband by 2007. We will do our part to meet that goal.**



**Finally, there is a whole new growth industry opening up for rural America. Energy is America's new cash crop, and for rural America it presents one opportunity after another.**

**Ethanol and biodiesel head the list. In 2004, 81 ethanol plants in 20 States produced a record 3.41 billion gallons of ethanol. That's up 20% over 2003 and 109% over 2000.**

**The 7.5 billion gallon Renewable Fuels Standard in the energy bill will keep that growth on track. More importantly, so will the price of gasoline. The barrier to renewable energy has always been price. \$60 a barrel oil changes a lot of profitability calculations.**

**The ethanol breakthrough has almost unlimited potential for the grain belt -- higher commodity prices, a decentralized production network based on local sourcing, more good jobs in small towns.**

**As other feedstocks come into play -- corn stalks, rice straw, sugar cane, pulpwood, switchgrass, and municipal solid waste -- these benefits will extend beyond the corn belt to rural communities across the country.**



**And renewable energy is much broader than ethanol. It includes direct combustion, anaerobic digesters, and landfill gas recovery. Geothermal and hydrogen projects are in the mix. Wind power is generating significant utility interest.**

**Solar power is still relatively expensive-- but even solar power is becoming more and more common for remote applications.**

**Bottom line, with \$60 per barrel oil, we have a renewable energy gold rush on our hands. When the day finally comes that we're driving our cars with ethanol from the Midwest rather than oil from the Mideast, we will truly have turned a corner in more ways than one.**

**We are supporting renewables through our Renewable Energy and Energy Efficiency Program -- the Section 9006 program -- as well as our Business and Industry Guaranteed Loan Program.**

**These are competitive, market-driven developments. The markets are telling us that alternative energy is ready. Investment is lifting off. This is good news for rural America, and for the country as a whole.**



**These are just some of the opportunities. And I know that with opportunity comes risk. But standing still isn't an option.**

**The 2007 Farm Bill is our next big opportunity to reorient rural policy in an entrepreneurial, market driven direction. We have two years to develop this thing -- so let's get it right.**

**President Bush is committed to a dynamic, entrepreneurial, ownership society. Our responsibility is to ensure that the 60 million people who make rural America their home share fully in this bright future.**

**It is a privilege for me to have been given this opportunity by President Bush to help make that happen. And I look forward to working with you in that great cause. Thank you.**